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2015 FEB 27 P 1:39  
AZ CORP COMMISSION  
DOCKET CONTROL

Attorneys for Verde Santa Fe Wastewater Co., Inc.

**BEFORE THE ARIZONA CORPORATION COMMISSION**

IN THE MATTER OF THE APPLICATION  
OF VERDE SANTA FE WASTEWATER  
CO., INC., AN ARIZONA CORPORATION,  
FOR AUTHORITY TO: (1) ISSUE LONG-  
TERM DEBT INSTRUMENTS IN AN  
AMOUNT NOT TO EXCEED \$137,500 IN  
CONNECTION WITH FINANCING THE  
ACQUISITION OF WASTEWATER  
UTILITY PLANT OF PIVOTAL UTILITY  
MANAGEMENT, L.L.C.; AND (2)  
ENCUMBER REAL PROPERTY AND  
UTILITY PLANT AS SECURITY FOR  
SUCH INDEBTEDNESS.

DOCKET NO: SW-03437A-14-0377

**VERDE SANTA FE  
WASTEWATER'S FILING IN  
RESPONSE TO PROCEDURAL  
ORDER**

Verde Santa Fe Wastewater Co., Inc., (the "Company") hereby makes this filing as directed in the Procedural Order dated February 6, 2015. In sum, the Company followed the methodology employed by Staff in the underlying rate case, which methodology matches the length of the loan to the remaining useful life of the assets. In hindsight, the Company now realizes further explanation was needed in its filing to explain the apparent disconnect. The Company apologizes for any confusion it has caused and, in the end, will modify the loan terms if that is what the Commission directs. However, the Company believes, as Staff recognized in making the recommendation which the Commission ultimately adopted, that the terms of a loan should not exceed the useful life of the assets.

Arizona Corporation Commission

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<sup>3</sup> See Direct Testimony of Crystal S. Brown (filed February 24, 2014 in Docket No. SW-03437A-13-0292) (“Brown DT”) at 11-12.

1 the assets.<sup>4</sup> An order in this docket can provide an explanation of the Commission's  
2 reasoning. If the Commission disagrees, however, the Company believes the Commission  
3 could readily reopen the Decision pursuant to A.R.S. § 40-252 and amend it to reflect that  
4 the 14 year terms stated in that order was an estimate of the then remaining useful life and  
5 that the loan term should not exceed the remaining useful life of the assets subject to the  
6 loan. Finally, in the alternative, the Company is willing to modify its financing request to  
7 use a 14-year term.<sup>5</sup> However, using a 14-year term will mean that Company will likely  
8 be paying for an asset beyond its useful life.

9 RESPECTFULLY SUBMITTED this 27th day of February, 2015.

10 SHAPIRO LAW FIRM, P.C.

11  
12 By   
13 Jay L. Shapiro  
14 Attorneys for  
Verde Santa Fe Wastewater Co., Inc.

15 **ORIGINAL** and thirteen (13) copies  
16 of the foregoing were filed  
this 27th day of February, 2015, with:

17 Docket Control  
18 Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007

19 **COPY** of the foregoing was hand-delivered  
20 this 27th day of February, 2015, to:

21 Sarah Harpring, ALJ  
22 Hearing Division  
Arizona Corporation Commission  
1200 W. Washington Street  
23 Phoenix, AZ 85007

24  
25 <sup>4</sup> See Brown DT at 11-12; Decision at 8-9 discussing Staff Recommendation.

26 <sup>5</sup> The Company is prepared to submit a Corporate Resolution authorizing a loan term of  
up to 14 years if necessary.

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Robin Mitchell  
Legal Division  
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By: Wendy Birk